

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network
Rationalization Service Changes, 2012

Docket No. N2012-1

RESPONSES OF COMMISSION-SPONSORED WITNESS MATZ
TO UNITED STATES POSTAL SERVICE INTERROGATORIES
(USPS/PRCWIT-T2-7 THROUGH -24)
(June 4, 2012)

Attached are the responses of witness Harold Matz (PRCWIT-T-2) to the Interrogatories of the United States Postal Service (USPS/PRCWIT-T2-7 through -24) filed May 23, 2012 (edited by an Erratum dated May 24, 2012). Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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Counsel for Consultants

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USPS/PRCWIT-T2-7

At page 1, lines 4-5 of PRCWIT-T-2 you state that a “central premise” of the N2012-1 proposal is “virtually all OND must shift to 2-Day.”

- (a) What is the basis for your assertion that "virtually all" First-Class Mail currently with an overnight service standard will be subject to a 2-day standard if the proposed service standard rules (USPS Library Reference N2012-1/7) are adopted;
- (b) After review of the service standard regulations published in the Federal Register on May 25, 2012, please state any basis for reaching the same conclusion based on the final rules.

Response

- a) N2012-1 proposes to eliminate the overnight service standard through changing the pair-to-pair service standard from 1 day to 2 days. Exceptions are made for mail that meets certain entry conditions, such as CET of 8:00 a.m. at the SCF, or 5-digit presort entered by a noon CET. In my opinion, the amount of mail that will fall into this exception category will be minimal, leading to my assertion using the terminology “virtually all.” This opinion is based on my experience as a plant and district manager with regard to mail arrival patterns from presort mailers. N2012-1 defines the scope of change and exceptions in detail. My assertion is that the volume of mail entered under the exception conditions will be insignificant.
- b) Under the interim rules, as stated by the Postal Service, the elimination of Inter-SCF OND while keeping Intra-SCF OND will maintain approximately 80 percent of the OND volume. This is consistent with the analysis in my testimony. Under the final rule, I see no basis to reach a different conclusion than in my testimony or in my response in question (a) above.

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USPS/PRCWIT-T2-8

Please refer to Tables 2, 4, and 5 in PRCWIT-T-2.

- (a) Was the Service Standards Directory FY 2012 Quarter 1 used to create those tables?
- (b) If your response to part (a) is negative, please identify the source document.
- (c) If your response to part (a) is affirmative, please confirm that the above-referenced directory contains 9,384 3-digit ZIP Code origin-destination pairs.

Response

- a) Correct. It was used to define the service standard pairs that had OND service. However, volume data from N2012-1/NP11 (FY 2010 Raw ODIS Volume) was used to populate the ODIS volume for each pair. Some of these pairs have a zero (0) volume in the FY 2010 data file. The tables are based on the 8,357 pairs that have volume in the data file.
- b) Explained in response to question (a) above.
- c) Confirmed. As noted above, some of these pairs have a zero (0) volume in the FY 2010 ODIS ADV data file. The tables are based on the 8,357 pairs that have volume in the data file.

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USPS/PRCWIT-T2-9

In PRCWIT-T-2, on page 10, lines 5-6, you state that DPS window would expand from 4 to 7 or 8 hours under your Intra-SCF overnight proposal. Please describe and compare the current general DPS operation window (including start and end times) with the general operating window that would be in effect under your proposal.

Response

The current DPS operating window is from 11:00 p.m. to 7:00 a.m. This period includes both the first and second pass of DBCS. The second pass window cannot start until after both Incoming Primary and the first pass have been completed. As stated by witness Williams on page 13, lines 18-20:

“In addition, incoming primary operations typically run from 7:00 p.m. through 2:30 a.m., with DPS beginning as early as 10:30 p.m. and running until approximately 6:30 a.m.”

This means that the second pass cannot start until approximately 3:00 a.m. Based on these times, my statement should have clarified that “the second pass window would expand from 4 to 7 or 8 hours...” It is the second pass window that constrains current operations.

Under my proposal, the second pass turnover would be able to start once Outgoing Primary, Incoming Primary, and the first pass have cleared. In general, this would be as early as 11:00 PM, leading to my statement of expansion “to 7 or 8 hours...”

Under my proposal, the DPS operating window would start earlier on Tour 3, in the 9:00 PM range, depending on local requirements. The second pass would start as soon as possible after the clearance of primary operations. The end time would be the same, or possibly earlier. In general, each DBCS would add one or more DPS sort plans to fill this expanded operating window. It would also be possible to create jumbo DPS sort plans, provided sufficient stackers and reject handling procedures are utilized.

This is consistent with the USPS statement in the Final Rule, pages 6-7:

Presently, the Postal Service’s delivery point sequencing (DPS) operations are generally run for six and one-half hours per day, from 12:30 a.m. to 7:00 a.m. Once implementation of Phase One is complete, the DPS window will expand to up to ten hours, from 8 p.m. to 6 a.m.

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USPS/PRCWIT-T2-10

In PRCWIT-T-2, on page 10 line 8 and 9, you estimate that the DBCS requirement would be reduced by one-third if only the inter-SCF portion of the overnight First-Class Mail service standard were eliminated.

- (a) Please explain the basis for this estimate, and include in your response all data on which you rely.
- (b) What Delivery Bar Code Sorter operations, other than DPS, would be run during the proposed DPS window?

Response

- a) I determined this as a general, high level estimate, primarily based on increasing the DPS second pass window from four (4) hours to seven (7) hours. If individual DPS zone characteristics are ignored, then the number of DBCSs required is a function of the DPS volume and the second pass window. Based on almost doubling the DPS second pass window, I settled on a generalization of one-third. The actual reduction would have to be determined at the plant level, using the DPS sort plan requirements relative to the local operating environment.

I should have clarified that this one third referred to DPS requirements. There will be a period at the end of Tour 3 where Originating, Incoming Primary, and DPS operations are all operating concurrently. My estimate did not consider the potential impact on DBCS requirements of this overlap. This would have to be determined at the individual plant level.

This estimate of DPS DBCS reductions would be directly dependent on the extent of Inter-SCF versus Intra-SCF at the plant level. A plant that has no Inter-SCF OND component would not be impacted under the proposed alternative. A plant with a high percentage of Inter-SCF OND, or a very late arriving last Inter-SCF OND committed trip, would have the largest opportunity.

- b) In general, no other DBCS operations would be run during the proposed DPS window. However, the exception is where the Outgoing Primary / Secondary and Incoming Primary operations overlap with the early part of the DPS window. Once Outgoing and Incoming Primary operations have closed, only DPS would remain to be processed. There might also be some need for carrier-route sort operations. Depending on CIOSS operational capacity, the PARS related operations might run in the Tour 1 / DPS window.

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USPS/PRCWIT-T2-11

Please explain fully the question you pose in quotation marks at In PRCWIT-T-2, page 8, lines 9-10.

Response

For reference, this is the question referenced above:

A key question related to our analysis is as follows: "How much mail that is currently in the plant will stay in that plant after N2012-1, but move from OND to 2-Day"

In the consolidation scenarios of N2012-1, a gaining plant has its own (current) Intra-SCF OND volumes. The mail flow for this mail would not change for a gaining plant. Under N2012-1, even though this mail is still worked in the same facility, the change in service standards and the shift to DPS processing on Tour 2 would result in its receiving 2-day delivery instead of OND. The question posed is intended to quantify this mail segment.

My testimony subsequently answered this question on page 9:

The answer to the question posed above is 46.5 percent of the volume nationally is currently turnaround in a plant that will not change under N2012-1. This means, for example, that all of Seattle's mail would move to 2-Day, just so that Everett, Tacoma, and Olympia can be consolidated into it. Our alternative would preserve OND for Seattle's turnaround mail, yet still create the opportunity to either reduce DBCS equipment or consolidate one or more facilities into Seattle.

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USPS/PRCWIT-T2-12

In PRCWIT-T-2, page 9, Table 5, please explain in detail the calculation of the values for each cell.

Response

For reference, the following is the library reference location:

Table 5, Page 9 is from Library Reference PRCWIT-LR-N2012-1/5, excel sheet PRCWIT-LR-N2012-1_5.xlsx, work sheet tab "Table 4".

Analysis Of N2012-1 Plants - ODIS ADV FCM Volume						
OND ADV Single Piece		Destination				Total
		No Change		Change		
		Turnaround	Inter-SCF	Turnaround	Inter-SCF	
Origin	No-Change	46.5%	4.5%	7.2%	2.8%	61.0%
	Change	4.9%	2.3%	29.3%	2.5%	39.0%
	Total	51.4%	6.8%	36.5%	5.3%	100.0%

The percentage calculations were based on the volume data on lines 14-16 of the above referenced excel sheet, and shown below:

Origin	No-Change	25,765,123	2,493,977	3,962,614	1,559,219	33,780,933
	Change	2,701,006	1,264,852	16,254,133	1,403,485	21,623,476
	Total	28,466,129	3,758,829	20,216,747	2,962,704	55,404,410

This volume data is taken from the FY10 ODIS ADV FCM volume file in Library Reference NP-11. It represents the FCM volume with an OND service standard.

The OND ADV FCM volume data for each of the above cells is based on the proposed consolidated plant structure as defined in the "Data" tab of the referenced excel file. Columns J, K, and L in the "Data" tab indicate if the Origin to Destination OND 3-Digit pair is turnaround (Column J), if the Origin Changed (Column K), and if the Destination Changed (Column L).

The formulas in cells D14:G15 sum the OND ADV based on the conditions of Columns J, K, and L. The formulas use the Excel SUMIFS function against the database in tab DATA to generate the values in the table.

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Turnaround is defined as if the Origin plant is the same as the Destination plant. This was determined by comparing the value in column E to F and column H to I.

“Changed” is defined as the plant designated in the original N2012-1 listing is different than the current plant. This was determined by comparing the value in column E to H for Origin, and column F to I for Destination.

The table uses these three factors – Origin/Destination, Turnaround/Not-Turnaround, and Changed/Not Changed – to segregate the OND volume into the eight categories of the table.

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USPS/PRCWIT-T2-13

Please elaborate on your comment at PRCWIT-T-2, page 8, lines 15-16, and further compare and explain the differences between Tables 4 and 5.

Response

For reference, the comment cited above is shown below:

Note, since the results are based on the proposed-plant 3-digit assignments, they do not align exactly with Table 4.

Table 4 of my testimony shows the percentage of Turnaround Mail for current facilities. This uses the 3-digit ZIPs assigned to each facility to calculate the portion of OND that is "Turnaround" or "Intra-SCF".

Table 5 uses the same volume data, but remaps the plants into the original N2012-1 proposal. It also creates additional breakdowns to show if the Origin or Destination facility changed as part of the consolidation plan. Under the consolidation plan for plants, the new 3-digit ZIP assignments changes what is Inter- and Intra SCF. This table, as explained in the previous question, breaks the volume into the two dimensions – Change/No Change and Turnaround/Inter-SCF.

Since the two tables use two different sets of 3-digit ZIP assignments to a mail processing facility, the values for Turnaround and Inter-SCF will not be identical.

Table 4 is intended to show the current levels of Intra and Inter SCF. Table 5 is intended to show how this will change under the original facility consolidation plan.

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USPS/PRCWIT-T2-14

At PRCWIT-T-2, page 10, lines 1-4, you state:

For example, Canada Post Corporation (CPC), while having no OND commitments, actively measures and manages “Day minus One” service performance for its turnaround mail that receives overnight service, plus early arrivals from other plants that also receive overnight service.

Please describe how CPC’s implementation of letter sequencing or Delivery Point Sequencing is affecting this practice.

Response

To my knowledge, the implementation of letter sequencing or DPS is not affecting this practice. Automation Carrier-route sortation is performed on Tour 1 at Canada Post. When DPS is implemented, it too is processed on Tour 1. It is this Tour 1 processing that results in D-1 delivery.

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USPS/PRCWIT-T2-15

At PRCWIT-T-2, page 11, line 13, you state that additional storage costs would be created by the move from OND to 2-day service. Please provide the analysis and underlying data that you performed to arrive at this conclusion.

Response

Currently, Turnaround and Incoming Primary mail moves from the DBCS directly into DPS processing, possibly through an intermediate bull-pen type staging operation. These bull-pen staging operations are designed around a same-tour processing concept. When DPS moves to Tour 2 from Tour 1, all turnaround mail will have to be staged until the following morning. This will require additional staging space and additional mail handling associated with staging. For Incoming Primary mail, it will arrive in the afternoon and on Tour 3. It will all have to be staged for the next morning's processing. Currently this volume moves right into Incoming Primary operations. This will require additional staging space and additional mail handling associated with staging.

I did not perform a data oriented analysis to arrive at this conclusion. It is evident to me that the nature of having to now store all turnaround mail and all unprocessed Incoming Primary mail until the following day will lead to increased storage costs. The amount of these costs would be dependent on the facility characteristics and operating parameters of individual processing plants.

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USPS/PRCWIT-T2-16

At PRCWIT-T-2, at page 24, line 20, you state that: "Our estimate is that the OLTA understates the number of light trays by as much as 50 percent." Please full[y] explain the analysis and provide the underlying data relied upon for making this estimate.

Response

The methodology used by the Postal Service to determine the number of OGP DBCSs required was based on a 6.5 hour run time per DBCS at 27,500 pieces per hour. This value was used in our OLTA to determine the number of DBCSs required for the "current plant" analysis. For the "new plant" analysis, the number of DBCSs was taken directly from Library Reference 17.

A key concept in our analysis is that if you open up a DBCS on OGP, you generate at least one tray for each bin (destination) on the sort plan. The analysis is based on all DBCSs running 6.5 hours. In reality, some DBCSs run more than this, some run less. The total number of DBCSs actually sorting mail is greater than the number calculated using the average value. My estimate is that the actual number of DBCSs running is 30 to 50 percent higher than the calculated average.

The OLTA calculated light tray levels as based on the average of 6.5 hours. If a DBCS OGP run is less than this, then more light trays would be generated than as calculated in the analysis. It would be typical, in my estimation, that the shortest run MLOCR for a night could be 3 to 4 hours. This would create more light trays. While the longer running DBCSs would generate fewer light trays, in my estimation, the shorter run-time DBCSs effect would be greater than the longer run-time effect.

I considered these two effects - that more trays are generated because more DBCSs are actually used than the average and that there are shorter runs on more machines - when making my estimation that "*Our estimate is that the OLTA understates the number of light trays by as much as 50 percent.*" I intended this estimate to be an upper limit of the light tray understatement of the model.

In my opinion, the analysis sufficiently documented the light tray effect and my subsequent conclusions. I did not do any further analysis to support this estimation. Such an analysis would require individual DBCSs to run data and a restructuring of my analysis to reflect the calculation of the number of DBCSs used, based on multiple machine run times rather than an average. In my estimation, a more detailed analysis would only further demonstrate the need to continue the Outgoing Secondary sortation.

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USPS/PRCWIT-T2-17

Please refer to PRCWIT-T-2, page 25, lines 17-21. Based on ODIS or volume densities, have you examined whether the majority of incoming letter mail would get the proper primary sortation on the first handling?

Response

I did not perform any analysis regarding the amount of incoming letter mail that would receive the "proper primary sortation on the first handling." It would clearly be more than the "majority," presuming the majority means 51 percent.

Such an analysis would require density data, sortation requirements, and machine bin capacity data. It would have to be calculated at an individual plant level for accuracy and value added purposes.

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USPS/PRCWIT-T2-18

At PRCWIT-T-2, page 13, lines 14-16 you state:

If OND cannot be supported, then the excess DBCS capacity during the day could absorb these volumes, trading off substantial cost savings for the loss of OND service in an AMP scenario.

Please identify the operations that would be absorbed during the day.

Response

For reference, below is the entire paragraph (page 13, lines 10-16) from my testimony:

For low-volume plants an Outgoing AMP, or a full-closure origin/destination AMP, would require change of OND to 2-Day where time and distance cannot support OND commitments. Under the alternative of eliminating only Inter-SCF OND, AMP studies would fall into two categories: move operations and maintain OND, or move operations and eliminate OND. If OND cannot be supported, then the excess DBCS capacity during the day could absorb these volumes, trading off substantial cost savings for the loss of OND service in an AMP scenario.

My intent was to describe a scenario where a plant would have both OND and 2-Day commitments for its Intra-SCF after the AMP. Those ZIPs that came into the plant through the AMP would be 2-day. The plant's current Intra-SCF commitment for OND would not change for its existing DDU's.

It would be the AMP ZIPs that would have DPS performed during the day. From a scheduling standpoint, I would run DPS for these DDU's at the end of Tour 2 or the beginning of Tour 3 and transport them back to the DDU through the return of their collection trips.

For a hypothetical example, let's assume Yakima and/or Wenatchee were to be AMP to Seattle. OND could not be supported due to the distance involved, but their collected mail would make Day 0 processing. DPS for them would be run during the day and transported back on the return collection trips. Seattle's existing OND commitments would not be impacted. DPS would remain on Tour 1 for OND commitments and run during the day for the AMP DDU's under a 2-Day commitment. The plant (after AMP), would not have a pure Intra-SCF OND commitment.

No other operations were considered for absorption during the day under the concept as described.

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USPS/PRCWIT-T2-19

At PRCWIT-T-2, page 15, line 20 to page 16, line 2 you state:

The addition of more 3-digit ZIP sort responsibility to a plant (AMP) would create a higher residue volume to Incoming Primary. This increase is likely a reduction from the total system handlings of two plants, but in my opinion, it is not a significant reduction.

Please explain in detail the basis for your opinion.

Response

For this explanation, let's assume mail that the gaining plant sorts and generates a single tray for the destination plant. Then the destination plant completely sorts it on their incoming primary in exactly one handling. When the destination plant is moved to the gaining plant, it increases that plant's separation requirements. It would likely add the bins for the larger volume DPS sort plans on OGP and flow the remainder to Incoming as residue. This finalization on OGP would mean that the total handlings to sort this segment to DDU would be less than one, since only the residue portion is re-handled. At this point, system handlings are reduced.

However, if the addition of new holdouts bumps an AADC from OGP to OGS, or bumps one of the current plant's holdouts to SCF residue, then the net system handlings change. Thus, the level to which net system handlings are reduced is dependent on the availability of new bins to accommodate new holdouts on the OGP program. These new bins might be already vacant bins on the current OGP sort plan or be created by adding stacker modules to the DBCSs.

On the incoming side, the number of handlings would be dependent on the number of stackers available to accommodate the new sortation requirements and the characteristics of the ZIP densities. Note the same light tray issues identified in outgoing operations also apply to incoming operations for very small volume, non-automated ZIP codes.

The determination of the impact on net system handling would require that an analysis be completed at the individual plant level, then summed up for a network total. This would be a complex process and outside of the scope of my testimony.

Based on my understanding of these concepts, I made the statement that "it would not be a significant reduction." For this issue, I would estimate the reduction to be in the range between 10 and 25 percent.

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USPS/PRCWIT-T2-20

Please refer to PRCWIT-T-2, page 17, lines 11-24.

- (a) Did you differentiate between local and non-local Outgoing Primary (OGP) DBCS?
- (b) What was the number of OGP DBCS machines that you determined were being used for Outgoing Primary?
- (c) Please more fully identify the document referenced as "NP-11" on line 12.

Response

- a) I am not familiar with the terminology "local and non-local Outgoing Primary (OGP) DBCS." For outgoing primary operations – collections and metered mail – there is no distinction between local and non-local in my experience. As such, I made no differentiation.
- b) For the analysis in the file "OGS Light Tray New Plants", the number of OGP DBCSs was taken from the Library Reference 17-

17_ZipAssignment_Locallnsight.xls.

The total number is 738. In the model, the number was rounded up to reflect that any portion of a machine utilized for OGP would equate to an actual DBCS operating, resulting in a full set of trays being generated. The rounded up total is 756.

For the file "OGS Light Tray Current Plants" analysis, the number was calculated based on 6.5 hours per DBCS at 27,500 pieces per hour, or 178,500 pieces per DBCS. The corrected rounded up total number is 812. This is found in file NP11 OGS Light Tray Current Plants V1.xlsx, sheet Summary Report, cell M5.

In the file above, in Sheet "Rpt Plant Summary", cell G7 should also show 812, but has an incorrect formula. It was not adjusted for the additional rows added when created from the "New Plant" file. This will be corrected in our errata submission.

In the Current Plant analysis, only plants with AFCS operations were included. This excluded 6.8% of the volume, resulting in a different number of DBCSs between the two scenarios. This exclusion was done to simplify the current plant analysis. In my opinion, this exclusion does not impact the analysis or my conclusions.

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c) USPS Postal Service Library Reference N2012-1/NP11

Library Reference Title:

Raw ODIS Volume Data Utilized to Develop LR-USPS-N2012-1-13
file "USPS.LR-N2012.1.13.xls"

The file FY2010.zip was used. This file contains the raw Origin-Destination Information System (ODIS) volume Data Utilized to Develop LR-USPS-N2012-1-13 file "USPS.LR-N2012.1.13.xls" in LR-USPS-N2012-1/13".

This file is described in "ODIS DATA Record Layout.doc".

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USPS/PRCWIT-T2-21

At PRCWIT-T-2, at pages 24-25, you state that running more outgoing DBCSs in a shorter window “only further justifies the need for OGS processing in order to avoid significant light tray generation.”

- (a) Are you proposing the use of outgoing secondary solely to consolidate trays?
- (b) If your response to part (a) is affirmative, did you consider the option of consolidating trays for a specific destination when it is cost effective for operations or transportation?

Response

For reference, below is the full paragraph that contains the reference above:

A more detailed analysis would be necessary to accurately calculate the tray impact of using more DBCSs for only the peak outgoing period. Our estimate is that the OLTA understates the number of light trays by as much as 50 percent. Regardless of the actual level of the understatement, the fact that DBCSs are used for four hours to meet peak operational demands, which generates more light trays if there is no OGS, only further justifies the need for OGS processing in order to avoid significant light tray generation.

- a) For clarification, I interpret your question to mean that our proposal would involve taking trays that have already been sorted to an AADC level, but are not ‘full’, and re-feeding them on a DBCS for the sole purpose of creating full trays. No, we are not proposing this process.

I use the term Outgoing Secondary to mean the normal process of taking a residue tray containing mixed AADCs from an Outgoing Primary DBCS and performing a second sortation to AADC destinations.

- b) Not applicable, as my answer in (a) is negative.

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USPS/PRCWIT-T2-22

At PRCWIT-T-2, on page 26, you assume that “most DBCSs have 194 bins.”

- (a) What is your basis for this assertion?
- (b) Please confirm whether it is your understanding that DBCSs can be enlarged by adding additional stackers if a larger machine is determined to be more cost effective.

Response

- a) My understanding is that the standard size of the DBCS is 194 stackers. I do not have data on the exact breakdown of DBCS equipment by their number of stackers.
- b) Enlarging a DBCS by adding stackers where justified is standard practice. My understanding is that the additional stackers are usually justified based on DPS bin requirements.

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USPS/PRCWIT-T2-23

At PRCWIT-T-2, page 25, lines 7-8, you state: "The thirteen (13) plants with more than 600 5-Digit ZIPs would have significant residue re-handling."

- (a) Please estimate the percentage of volume that would need to be re-handled and explain the basis for your estimate.
- (b) What initial separations did you use to determine the re-handle ZIPs?
- (c) Please state whether it is your understanding that Outgoing Primary sorting can (where deemed appropriate) have more than one stacker for each destination plant (for example, a destination site can be split into sub-sites -- Clarkville-1 and Clarkville-2 -- in an Outgoing Primary sort scheme).

Response

- a) I would estimate that between 10 and 30 percent of the volume would be rehandled.

This estimate could vary based on the exact sortation requirements of the individual plant. It is common that DPS sort plans cover two or more ZIP codes. The exact number of DPS sort plans would be a key factor in determining the re-handling rate. The number of separations for low-volume ZIPs would also be a key factor. Some SCFs have a large number of 5-digit ZIPs that require individual stackers, but have low volume.

- b) I did not determine initial separations or perform the plant level analysis necessary to determine the re-handle ZIPs. In general, I would re-handle the lowest volume ZIPs.
- c) I understand that Outgoing Primary sorting can have more than one stacker for each destination plant.

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USPS/PRCWIT-T2-24

At PRCWIT-T-2, at pages 33-34, you opine that USPS savings would be significantly less than projected because of the lack of standardized tools and processes for operational mail flow and capacity planning. At page 33, you state that Run Plan Generator (RPG) is not designed for planning for the consolidation of one plant's operations into another plant.

- (a) Is it your understanding that RPG is not designed to be used to create a model for a mail processing operation that can be defined by such factors as volume of mail to be processed, productivity, operating window, and production unit (e.g., mail processing machine, manual case)?
- (b) Is it your understanding that RPG cannot be used for modeling operational consolidations that are examined through the USPS Handbook PO-408 Area Mail Processing (AMP) guidelines?
- (c) Are you aware whether RPG was used to model in connection with any recent AMP studies?

Response

- a) My understanding is that RPG was designed to create a plan for a single plant's machine operations based on that plant's historical data. This plan is intended to be used by plant operations managers as a guide to running operations for the day. It is generated in advance of operations, usually the previous week. It does use such factors as volume of mail to be processed, operating window, and machine type. It uses machine throughput (pieces per wall clock hour) rather than productivity (pieces per employee work hour).

I did not state that that RPG could not be used for planning for the consolidation of one plant's operations into another plant. I stated it was not designed to do that function. There are aspects of consolidation that are not done directly in RPG. For example, RPG does not flow mail from primary operations to secondary or DPS operations. RPG uses the historical actual run plan volumes. In consolidation, the flows, and thus resulting volumes, would change between primary and secondary operations. Separate analysis and manual input would have to accommodate these types of changes.

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RPG is also not designed as a model to evaluate operational or equipment requirements in the context of consolidation scenarios. RPG schedules a fixed volume of sort plan inputs across a fixed number of machines. Determining the optimal machine requirements would require multiple runs and multiple inputs type of approach. The point I was intending to make is that a model designed to determine consolidation impacts and requirements would be more appropriate than repurposing RPG to that task.

- b) As stated above in (a), it is my understanding that RPG could be used for modeling operational consolidations.
- c) I am not aware of how RPG was used in connection with recent AMP studies.